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UNITED STATES DISTRICT COURT  
 FOR THE NORTHERN DISTRICT OF CALIFORNIA  
 SAN FRANCISCO DIVISION

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SECURITIES AND EXCHANGE COMMISSION,	)	
	)	
Plaintiff,	)	
	)	Case No. C 11-00136 (WHA)
v.	)	
	)	PLAINTIFF SECURITIES AND
CHARLES SCHWAB INVESTMENT MANAGEMENT,	)	EXCHANGE COMMISSION'S
CHARLES SCHWAB & CO., INC., and	)	EX PARTE MOTION FOR
SCHWAB INVESTMENTS	)	ADMINISTRATIVE RELIEF
	)	
Defendants.	)	
	)	
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In accordance with Civil Local Rule 7-11 of the Northern District of California, plaintiff Securities and Exchange Commission ("Commission") submits this Ex Parte Motion for Administrative Relief to obtain an order for the Clerk of the Court to disburse funds on deposit with the registry of the Court to pay certain tax obligations in this case.

By consent of the defendants and stipulation of the parties, the Court entered a Final Judgment against defendants Charles Schwab Investment Management ("CSIM"), Charles Schwab &

1 Co., Inc. ("CS&Co."), and Schwab Investments on February 16, 2011. Pursuant to the Final  
2 Judgment, CSIM and CS&Co. have paid a total of \$110 million to the Clerk of this Court (the  
3 "Distribution Fund"). These payments include \$57,327,149 in penalties, \$34,672,851 in  
4 disgorgement and prejudgment interest, and an additional payment of \$18 million. The additional  
5 payment represented settlement of a related proceeding brought by the Financial Industry Regulatory  
6 Authority ("FINRA"), and in which FINRA consented to payment of the settlement amount into the  
7 Distribution Fund. The Distribution Fund was thereafter deposited in an interest bearing account,  
8 account number 11-cv-00136, under the case name designation "*SEC v. Charles Schwab Investment*  
9 *Management, et al.*" and constitutes a Qualified Settlement Fund (QSF) under section 468B(g) of the  
10 Internal Revenue Code (IRC), 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1  
11 through 1.468B-5.  
12

13 By order dated March 8, 2011, the Court entered an order appointing Damasco & Associates  
14 to fulfill the tax obligations of the Distribution Fund. Pursuant to that Order, the Tax Administrator  
15 is required to pay taxes in a manner consistent with treatment of the Distribution Fund as a QSF.  
16

17 The Tax Administrator has received notification from the Internal Revenue Service that the  
18 Distribution Fund owes \$32.45 in late payment penalties and interest for tax year 2012. This  
19 payment is due July 22, 2013. See Declaration of Nichola L. Timmons in Support of Plaintiff  
20 Securities and Exchange Commission's Ex Parte Motion for Administrative Relief, ¶12 filed  
21 separately.  
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1 WHEREFORE, for all the foregoing reasons, the Commission respectfully requests that this  
2 Court enter the attached proposed Order and grant such other relief as it deems just and proper.  
3

4 Dated: July, 8 2013

Respectfully submitted,

5 /s/ Nichola L. Timmons  
6

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